

LNF & IHCIF Calculations Illustration

- ALBUQUERQUE in Albuquerque area -

Given Data

- 30,651 = 1998 user count
- \$2,980 = National average cost per person (not including wrap-around costs)
- 24% = % Expenditures on purchased services, 76% = % expenditures in-house
- 95.0% = Cost index for purchasing health care in this geographic area
- 86.6% = Size cost index for in-house costs due to small or large size
- 97.9% = Albuquerque area cost index for health status above or below average

Cost Adjustment Calculations

- \$680 per person for purchased services = $24\% * 95.0\% * \$2,980$
- \$1,960 per person for in-house services = $76\% * 86.6\% * \$2,980$
- \$2,640 per person total = \$680 (purchase) + \$1,960 (in-house)
- **\$2,585 per person total** adjusted for health status = $\$2,640 * 97.9\%$
- **\$1,840 per person net cost** = $\$2,585 - \745 Other resources (M&M&PI)

Existing Expenditures (for 30,651 users excluding wrap-around and collections)

- \$619 per person = local IHS allowance (excludes \$ for wrap-around)
- \$162 per person = expenditures elsewhere in Albuquerque area on behalf of area users
- \$54 per person = expenditures elsewhere in IHS on behalf of IHS users
- **\$835 per person for OU users** = $\$619 + \$162 + \$54$

LNF Calculation

- **32.3% Gross LNF** = $\$835$ (expenditures) / $\$2,585$ total cost (ignoring Medicare, Medicaid, PI spending on behalf of OU users)
- **45.4% Net LNF** = $\$835 / \$1,840$ net cost ($\$2,585 - \745 other)

IHCIF Allocation

- \$8,251,968 = \$ to raise LNF% from 45.4% to 60%
- \$258,040,100 = aggregate \$ to raise all locations to 60%
- 3.488% IHCIF fraction = $\$9,000,000$ fund / $\$258,040,100$ needed
- **\$287,829 Allocation** = $\$8,251,968$ needed for 60% * 3.488% IHCIF fraction

ALBUQUERQUE Unmet Needs

- **\$56,400,711 Net Total Need** = 30,651 users * \$1,840 net cost
- **\$30,812,252 Net Unmet Need** = $(100\% - 45.4\% \text{ LNF}) * 30,651 \text{ users} * \$1,840 \text{ net cost}$